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GAO Technical Bulletin

Arizona Department of Administration ♦ General Accounting Office

Subject: ***Procurements of less than \$25,000***

Manual Section: II-H-1

Supersedes: Manual Section II-H-1, Subsection IV-B-5

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Page: 1 of 2

TO: Technical Bulletin Administrators
All Agencies

FROM: Robert Rocha
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AUTHORITY

A.R.S. 41-1001 Definitions

A.R.S. 41-2535 Procurements not exceeding an aggregate amount of twenty-five thousand dollars, etc.

A.R.S. 41-2536 Sole source procurement

A.R.S. 41-2537 Emergency procurements

A.A.C. R2-7-301 Definitions

A.A.C. R2-7-335 Small Business Set-Aside

A.A.C. R2-7-336 Procurements Not Exceeding an Aggregate Amount of \$25,000

DEFINITIONS

Director: The Director of the Arizona Department of Administration.

Small business: As defined by A.R.S. 41-1001, a “small business” is one “which is independently owned and operated, which is not dominant in its field and which employs fewer than one hundred full-time employees or which had gross annual receipts of less than four million dollars in its last fiscal year.”

SPO: The State Procurement Office.

POLICY

It is a statutory requirement of the State that any procurement which does not exceed the aggregate dollar amount of twenty-five thousand dollars (\$25,000) shall be restricted, if practicable, to small businesses as defined in the rules. The Director has determined that it is impractical to determine a bidder's status as a small business when the purchases are not expected to exceed one thousand dollars (\$1,000).

BACKGROUND

In part, Laws 1999, Chapter 300 (HB 2573), raised from \$10,000 to \$25,000 the ceiling of those purchases which, if practicable, must be made from small businesses.

Under A.A.C. R2-7-335, bidders self-certify their qualifications as small businesses.

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Page: 2 of 2

A.A.C. R2-7-335 declares it to be impractical for procurement officers to determine a bidder's status as a small business under the following circumstances:

1. Sole-source procurements;
2. Emergency procurements;
3. Purchases not expected to exceed \$1,000;
4. Purchases that have been delegated within a purchasing agency to field offices; and
5. Purchases that have been otherwise unsuccessfully competed, including failure to obtain fair and reasonable prices.

SPO interprets "if practicable" to mean that there is, in fact, a small business bidder and that the bid price tendered by such small business is fair and reasonable.

PROCEDURE

Arizona Accounting Manual Section II-H-1, Subsection IV-B-5 is changed to read as follows:

If practicable, purchases expected to be greater than \$1,000 and less than \$25,000, not covered by a SPO statewide contract, shall be restricted to small businesses. This restriction does not apply to sole-source or emergency procurements or to purchases made by field offices; this restriction does not apply to purchases for which a fair and reasonable price cannot be obtained from a small business bidder. (See A.A.C. R2-7-335 and R2-7-336.)

AREAS IMPACTED

All State agencies.

CONTACTS

If you have any questions concerning this Technical Bulletin, please contact your GAO Liaison.

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Page: 3 of 2
